Exhibit B

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

Case No. 08-13555-scc

- x

In the Matter of:

LEHMAN BROTHERS HOLDINGS INC.,

Debtor.

- x

United States Bankruptcy Court

One Bowling Green

New York, NY 10004

April 19, 2018

10:06 AM

B E F O R E :

HON SHELLEY C. CHAPMAN

U.S. BANKRUPTCY JUDGE

ECRO: F. FERGUSON

HEARING re Doc #57838 Motion for Temporary Restraining Order and Order to Show Cause filed by Chester B. Salomon on behalf of Institutional Investors.

Transcribed by: Sonya Ledanski Hyde

A P P E A R A N C E S :

BECKER, GLYNN, MUFFLY, CHASSIN & HOSINSKI LLP
Attorneys for Institutional Investors
299 Park Avenue
New York, NY 10171

BY: ALEC P. OSTROW

GIBBS & BRUNS LLP
Attorneys for Institutional Investors
1100 Louisiana, Suite 5300
Houston, TX 77002

BY: DAVID SHEEREN

KASOWITZ, BENSON, TORRES & FRIEDMAN LLP
Attorney for
1633 Broadway
New York, NY 10019

BY: URI A. ITKIN
PAUL J. BURGO

ALSTON & BIRD
Attorneys for Wilmington Trust NA & Wilmington Trust Company
90 Park Avenue
New York, NY 10016

BY: ALEXANDER S. LORENZO

FAEGRE BAKER DANIELS LLP
Attorneys for Wells Fargo Bank, N.A.
2200 Wells Fargo Center
90 S. Seventh Street
Minneapolis, MN 55402

BY: ROBERT L. SCHNELL
STEPHEN M. MERTZ

HAHN & HESSEN LLP
Attorneys for Wells Fargo Bank, N.A.
488 Madison Avenue
New York, NY 10022

BY: ZACH NEWMAN

MAYER BROWN LLP
Attorneys for Citibank, N.A.
1221 Avenue of the Americas
New York, NY 10020

BY: JARMAN D. RUSSELL
CHRISTOPHER J. HOUPT

ALSTON & BIRD LLP
Attorneys for Wilmington Trust
One Atlantic Center
1201 West Peachtree Street
Atlanta, GA 30309

BY: DAVID A. WENDER

MORGAN, LEWIS & BOCKIUS LLP
Attorneys for U.S. Bank
101 Park Avenue
New York, NY 10178

BY: GLENN E. SIEGEL
MICHAEL KRAUT

P R O C E E D I N G S

MR. OSTROW: Alec Ostrow, from Becker, Glynn, Muffly, Chassin & Hosinski, co-counsel to the institutional investors.

MR. SHEEREN: Good morning, Your Honor. David Sheeren, with the Gibbs & Bruns firm in Texas, for the institutional investors.

MR. SIEGEL: Good morning, Your Honor. It's Glenn Siegel, from Morgan Lewis, on behalf of U.S. Bank. And I expect I'll be taking the lead for the Trust administrators.

THE COURT: Okay, thank you. I apologize for the telephonic format this morning. As some of you know, I rather messed up my knee and I'm just having a very hard time getting around, and therefore, I am not there today. So, I did want to proceed since I understand that this is a matter of some urgency.

Could someone give me an update as to the current state of things in the State Court?

MR. SHEEREN: Yes, Your Honor. This is David Sheeren for the institutional investors. The hearing before Justice Friedman went forward last week. She didn't enter any of the proposed orders. Instead, she's asked the parties to call her, I believe on April 23rd following this hearing to update her on what happened in the Bankruptcy Court.

She also asked the parties to address a couple of, I'll call them form issues, and maybe even a substantive issue she had with the order to show cause that had been submitted. And I believe a new order to show cause reflecting some edits has been submitted in the State Court.

But in effect, Your Honor, that case is not proceeding at this moment, and the Judge has asked us to call her and update her on the outcome of this bankruptcy hearing next week.

MR. NEWMAN: Judge, Good morning. It's Zach Newman, from Hahn & Hessen, representing Wells Fargo. Just to give the Trustee administrator and the Trustee's side of things with respect to the State Court, the proposed order to show cause was the effort of all of the interested parties that have filed notices of appearance, including the institutional investors. And an agreed-upon order to show cause was filed yesterday following a conference call with the Judge's law secretary.

The Judge's law secretary indicated that absent a ruling today from the Bankruptcy Court that it is proceeding to exercise jurisdiction over the matter, it intends to have that order to show cause signed and docketed, which includes various notice provisions, likely tomorrow, or the end of today, perhaps. It is Thursday, I believe -- or tomorrow.

So, as far as the State Court proceeding, Judge

Friedman is certainly aware of these proceedings and is aware of the schedule here, but that proceeding is moving forward presently. Thank you.

THE COURT: Okay. Okay. All right, so who do I hear from first, Mr. Ostrow?

MR. OSTROW: Thank you, Your Honor. As we put in the penultimate part of our supplemental memorandum, we'd like very much to divide the responsibility for the discussions today.

As I said last week, I'm not all that familiar with the RMBS settlement agreement and the particulars of how the distributions are supposed to work. Mr. Sheeran, from Gibbs & Bruns, has lived with this for some time, and with your permission I'd like to have him address that. I can address the bankruptcy issues of jurisdiction and the issue that was raised in the papers -- in our position about the applicability of the Anti-Injunction Act. And we'd be happy to take those in any order Your Honor would like to hear them.

THE COURT: Okay. I appreciate that. Thank you, Mr. Ostrow. I think that with respect to the jurisdictional issues and the like, I don't know that I need to hear much more other than what is in the papers. Where the action is, so to speak, is what we talked about the first go-round, and very simply, whether I'm asked to interpret the settlement

agreement, or whether the resolution of this matter is going to involve more than that and interpretation of the governing agreement, that's the whole ball of wax as far as I'm concerned. And everyone dove into those issues very thoroughly. So, that's really the only thing that I'm interested in hearing about today.

So, Mr. Sheeren, if you want to speak more to that, that would be great.

MR. SHEEREN: Absolutely. Thank you, Your Honor. Your Honor, the question you pose is does this require the interpretation of the indenturers or the settlement agreement. As we laid out in our papers, we believe this only requires the Court to interpret the settlement agreement.

You asked the parties to lay out a roadmap of the provisions that issue. Your Honor, we've done that under the settlement agreement. Fundamentally, there are three provisions that control the outcome here: 3.01, that's the provision --

THE COURT: I --

MR. SHEEREN: Sorry, Your Honor?

THE COURT: Yeah, no, I'm just following along with you and agree, it's -- yes, 3.01.

MR. SHEEREN: Yes, that's the provision under which the settlement agreement the Trustees could come into

court potentially and seek further judicial instruction. But importantly, it also requires Trustees to use their reasonable best efforts to distribute the plan payments promptly. So, that's the first provision.

THE COURT: The second provision is Section 3.06. That's the provision of the settlement agreement that dictates how the Trustees were to distribute the plan payments. And the structure of Section 3.06, we think, is pretty simple. We think that it's quite clear that in 3.06(a), there is an instruction to the Trustees to distribute the plan payments to investors as though they were subsequent recoveries under the governing agreements.

The second step is 3.06(b). And 3.06(b) provides for a write up of the certificate balances in connection with the distribution of the subsequent recoveries. Importantly, Your Honor, the Trustees have alleged that the central issue in this case is, do they distribute the plan payments to investors first and then write up the certificate balances, or to the first write up a certificate balances and then distribute the plan payments to investors?

We think that question, which they have described as the central issue here -- and that is at Paragraph 3 of their brief -- we think that question is resolved by the last sentence of section 3.06(b) of the settlement agreement itself. And what does that sentence say? It says, "For the

avoidance of doubt, this Subsection 3.06(b) is intended only to increase the balances of the related classes of securities as provided for herein and shall not affect the distribution of plan payments on the net allowed claim provided for in Subsection 3.06(a)."

We think that sentence speaks directly to the order of operations, and we think it resolves it. But we're not here to fundamentally resolve the question of the interpretation of the settlement agreement. The question is, what document is this Court going to have to interpret to resolve the "central issue" of the order of operations.

Your Honor, it is telling indeed that in the Trustees' brief, which they submitted yesterday, they have not cited a single provision of the indenturers which they will be asking Your Honor to interpret as to the order of operations issue.

We have laid out that we think the issue is a settlement agreement issue; it's a 3.06 issue. And we're somewhat baffled that they still have not identified these alleged interpretation questions under the indentures. They haven't cited any provision of the indenturers in their brief. They talk about the settlement agreement.

All right, so that's the first point, Your Honor. We think that the central issue --

THE COURT: Well let me ask a question and maybe

we will --

MR. SHEEREN: Yes.

THE COURT: -- do this by way of a little back-and-forth with the Trustee. Because I guess I'm looking exactly at the language that you are focusing on, which seems to reflect that this is not a finding so much as an observation, which seems to reflect that people thought about this and put in the line settlement agreement language to specifically address it.

MR. SHEEREN: Correct.

THE COURT: But --

MR. SHEEREN: We think the --

THE COURT: So, to take you up --

MR. SHEEREN: -- settlement agreement is clear.

THE COURT: Right. So, to take you up on your challenge, if you will, if I were to say I am enforcing the settlement agreement as written and direct the Trustees to make distributions in accordance with that language in 3.06(a) and 3.06(b), are the Trustees telling me that they wouldn't know what to do?

MR. SHEEREN: I cannot imagine that they wouldn't know what to do for this reason. That is a clear instruction. Pay first, write up second. And then when you look to Section 6.04 of the settlement agreement, Your Honor, what it says is this settlement agreement is not

intended to amend the governing agreements, but it says something more. It says if the Trustees distribute the plan payments in conformance with the settlement agreement, they will be deemed to have complied with the terms of the governing agreements.

Your Honor, they bargained for that provision because they wanted judicial cover that their distribution of the plan payments in accordance with the settlement agreement, including 3.06(a) and 3.06(b), would be subject to judicial confirmation, and that if someone came in and tried to sue them for distributing the plan payments in that way, they could go carry around that 9019 order that Your Honor signed, which barred holders -- and there's a bar order, Paragraph -- there's a bar order in that 9019, Paragraph 19. It says certificate holders are barred from suing the Trustees so long as they implement the settlement agreement in accordance with its terms. And so, we think this is clearly a settlement issue.

The Trustees have -- they appear to concede that the governing agreements are silent as to the order of operations issue. They certainly haven't cited a provision of the governing agreements that goes to the order of operations issue. So, we don't understand what terms of the indenturers they would be asking the Court to interpret as to this central question. And I can --

THE COURT: Okay.

MR. SHEEREN: -- move on with the argument, unless --

THE COURT: Yeah, I --

MR. SHEEREN: -- unless Your Honor has further questions about that point.

THE COURT: No. So, that was very helpful. And again, this isn't an evidentiary hearing, but we've all been at this for a very long time. And what you appear to be telling me is that people thought about this and the settlement agreement was drafted to take care of this, as opposed to the alternative narrative, which is, oh gee, you know, so focused on settlement in terms of arriving at a vehicle for liquidating the claims, we didn't really focus on the distribution issue, and imagine our surprise to find there is an ambiguity. Alternatively, and I guess worse -- and I'm asking you for your reaction to this -- the Trustees just elected to lay in the weeds.

The thing that troubles me the most is this has been around for years, and years, and years. It's not the Trustees' first rodeo. We knew we were -- we knew what we were doing for months, and months, and months. And yet, here we are in April and we're starting -- the Trustees want to go down another path.

So, I just am asking for your observations or

arguments, because it's not evident, about whether issue was joined on this point back at the time of the settlement agreement or not. You seem to be telling me that the settlement itself reflects a thoughtful resolution of how to distribute these payments, yes?

MR. SHEEREN: Yes, Your Honor. That is our position. Our position is the settlement agreement was drafted by sophisticated parties, and it's clear and speaks for itself. And the argument that I've made on 3.06(b) on the settlement agreement, that we think that dictates the order of operations, that's absolutely consistent with what we've said in a couple of the prior State Court proceedings. This isn't a new argument. But I want to talk about that delay point, Your Honor, because I think it is very important, and it's one of our client's key concerns.

The question is why did the Trustees wait until the evening before receiving approximately $800 million in plan payments to raise this issue? We think they have utterly failed to offer any explanation for that. We think that if they felt this was a real ambiguity or dispute, they were obligated under the settlement agreement, section 3.01 -- that's their duty to reasonably -- to use reasonable best effort to promptly distribute the settlement payments, and 3.01 says they also have to form a good faith belief that there is a real ambiguity or dispute -- we think they had an

obligation to raise this back in July of 2017.

As Your Honor noted, if they felt it was an ambiguity, they must have known back then because, Your Honor, the Countrywide case where this first came up, the Trustees' petition was filed in February of 2016. A similar issue was raised in the bankruptcy case of the ResCap matters in July of 2015.

So, this was on their radar and it is absolutely wrong to suggest, as the Trustees do, that the institutional investors somehow knew that the Trustees were going to do this, that we somehow agreed to kick the can. That's not only wrong, it's baffling, Your Honor, because when you look at how the prior cases had been filed and when they were resolved, there was nothing that would've prevented the Trustees from coming to Your Honor and asking for clarification on the order of operation.

THE COURT: Well, here's my observation on that. And Mr. Siegel, you can address this when it's your turn. The entire structure of this very unusual and heavily negotiated settlement revolved around the Trustees' findings. There is absolutely no reason if the Trustees needed an order, the protection of an order, which it seems like they do, there is absolutely no reason that in the Trustees' findings this issue couldn't have been raised.

This is just -- it is -- you know, shocking is too

strong a word in the world that we live in, but it's troubling that we have to have this discussion now, when sure as shooting, at least from my perspective, we were done. We were done. And I said this at the preliminary go-round on this when Mr. Ostrow was holding down the fort, there's just no way that this couldn't have been raised at an earlier point.

And Mr. Siegel, you weren't at the first hearing, and there was some argument that was made that, oh, we couldn't have gone and started an Article 77 proceeding then because we didn't know what trusts were going to be involved. And that's just flat out wrong. The only thing, the only high-class problem that, frankly, the -- that folks were going to have -- not from Lehman's perspective -- was that the number -- the claim was going to be greater. And then the waterfall might have extended farther down. But there was absolutely no reason why this couldn't have been raised at many, many stages before today.

MR. SHEEREN: And --

THE COURT: And I feel -- obviously, I feel pretty strongly about that.

MR. SHEEREN: Your Honor, David Sheeren. Just to finish up quickly, they have asked the State Court to weigh in on trusts that account for -- I think the number is around $800 million out of the $940 million that I believe

has been distributed to the Trustees. So, the suggestion that they were somehow judicious in selecting the trusts where they're seeking instructions is just wrong. It appears to us that they have not even analyzed to a large degree whether any of these issues, these alleged issues, make any difference in investors recoveries.

Your Honor, we've been in these cases pursuing RMBS claims for six years. This Court has a unique perspective on the history of these disputes. The 9019 process, which the Trustees bargained for and got a very protective order -- and that's what they needed, and they got it, and it prevents certificate holders from suing the Trustees, so long as they implement the settlement agreement. And we think the settlement agreement here is very clear.

And in any event, if there's a fight about what it means or what it requires, we think this Court is the Court that should exercise that jurisdiction. And with that, Your Honor, unless you have further questions, I'll cede the floor.

THE COURT: All right. Thank you. Mr. Siegel?

MR. SIEGEL: Your Honor, there are so many things I need to respond to, I'm having a little difficulty figuring out in what order I should respond to them. So, forgive me if I don't respond to them in the order you would

prefer, although I'm sure you'll tell me if there's something you want to hear about earlier than other things.

THE COURT: Well, Mr. Siegel, I'm going to tell you right at the top, okay? This is not what proceeding in good faith looks like. This is not what it looks like to involve the Lehman estate, the Court, the institutional investors, and everyone else in a transparent, good faith process. That's not what it looks like. This is what --

MR. SIEGEL: Your Honor --

THE COURT: -- (indiscernible) -- no, Mr. Siegel, you're not going to interrupt me just because I'm not in the courtroom. This is not what it looks like. There were many, many, many points during this incredibly lengthy process in which the Trustees, who have never been shy about saying what they don't know and what they can't identify, the Trustees could have been, just to be clear, Your Honor, after this is all over, we are going to commence and Article 77 proceeding.

If nothing else is clear, nobody said that. Nobody told me that. At the -- in the middle of February, you knew that I was ruling on March 8th, because everybody knew that we were driving towards the distribution date. Did you start the Article 77 proceeding in February? No. You started it in April. Was it raised at the time of the 9019 settlement where there could've been findings that

would protect the Trustees? No.

Did anybody speak up and tell me, oh, by the way, Judge, that order that you're entering that looks like on its face it's directing payments, it's ripe with ambiguity; we're going to have to go do a whole State Court Article 77 proceeding?

There were countless chamber conferences leading to the settlement, when everybody was torturing themselves over how to get this done, that the concept of an Article 77 proceeding, to protect the Trustees came up. And lo and behold, when the 9019 structure was arrived at, it was hailed as a protective and effective procedure to avoid that whole thing.

And now, five -- just kidding, the certificate holders may have to wait another couple of years to get their money. It's not a good look. It's not a good look. And the last thing I want to do is take on more work; trust me. This is just wrong.

MR. SIEGEL: Your Honor, I very much understand your frustration with the process. And obviously, as a late --

THE COURT: No, no, no. No, no, no, no, no. It's not my frustration with the process. It is my frustration and profound disappointment with the Trustees.

MR. SIEGEL: Understood. I am only going to do

the best I can to explain to you where we are, give you the perspective of the Trustees, and indicate to you what I believe you would have to undertake if in fact you determine that this last issue was an issue that needed to be resolved.

I understand Your Honor's feelings about this. I'm certain that the Trustees did not intend to give you this impression. And I think probably it is most constructive to move forward and talk about where we are now and how we need to get across the finish line. Is that appropriate, Your Honor?

THE COURT: Truthfully, I find your remarks very patronizing, and you can continue to say whatever you want to say. Nothing that you said has addressed on the merits any of my points about what has led us to today. So, instead, what you're going to do now is attempt to, in essence, frighten me by pointing at all the provisions of the governing agreement that I'm going to have to resolve.

So, why don't we -- we're going to have to agree to disagree, and Mr. Siegel, why don't I just let you make your points.

MR. SIEGEL: Well, Your Honor, having heard what you've said, then I'm going to take a little bit of a step back and at least give you some of the perspective we have, not to change your mind, because I was not here, I did not

participate in this proceeding. So, I understand that you have -- that you have your views on this, and I'm not going to go there.

But what I do want to talk about is at least my reading of these documents and my perception, having worked previously with the institutional investors as well, and the one thing I will certainly say is they are well represented, they have been involved in these proceedings for many, many years, and they are familiar with all of these issues. I -- just as this is not the first visit of the Trustees to this rodeo, this is certainly not the first visit of the institutional investors to this rodeo.

The issue that we are talking about, which is the order of operations, is an issue that has been raised numerous times in numerous courts and been resolved in a variety of different ways. When it has economic significance, parties who have points of view as to how to read these documents, I've had an opportunity to be heard, and then the arbiter makes a decision about how the documents are to be read. When there is not an economic consequence to this, the parties move on and they don't worry about the issue.

The reason we are talking about this, among other things, is that the order of operations has economic consequences to a variety of the certificate holders. I

mean, it depends on what you get.

THE COURT: Mr. Siegel, at what point in time did the Trustees know that this issue was live in this case? Are you telling me, as a matter of the math, that you did not know that this issue would be in play until I entered my decision?

MR. SIEGEL: What I --

THE COURT: I don't -- I do not under -- as a matter of the math, I do not understand that, because the settle -- the amount of the claim is, frankly, the lowest possible amount that was likely to happen. Your argument has some sway if you're saying, oh, well look, it's an $11 million claim and we didn't realize we were going to be distributing down that far, and therefore, we never raised it.

But what you told me three minutes ago was it has been -- it's come up before and it's been raised in numerous courts, and there have been instructions numerous times, putting to one side how I don't really understand how the same provision in indentures gets different readings.

I mean, I just don't understand at what point the Trustees just perform under the indentures. If the point is that every single time they're going to need instruction from a court, and given the low level of the settlement here, you're admitting to me that you knew this was coming

down the pike.

MR. SIEGEL: The --

THE COURT: And if that's the case, then it seems to me that someone should have told me that, just so you know, Your Honor, after you're all done, we're going to be going -- we're going to be having an Article 77 proceeding.

MR. SIEGEL: Clearly --

THE COURT: So, my narrow question is at what point -- isn't it the case that you knew long before April of 2018 that this order of operations issue was going to be in play?

MR. SIEGEL: Your Honor, first of all, let me just say it is very clear that this is something that it would have been preferable earlier on to flag to this Court. I can't say otherwise. We could have avoided a lot of unhappiness if we had simply identified this issue more clearly. I certainly don't want to give you a different impression.

What I do want to indicate to you is the ripeness of this did depend, at least in part, on the scope and extent of the settlement proceeds. For example, if the number had been higher, the economics that drove the order of operation would have been different, and it might very well have been that some trusts would have been indifferent to the outcome. You know, money sometimes just solves

problems.

This is about -- ultimately, the order of operations is about whether you write things up because money has come in that formally was thought not to be coming in, and people were taken out of the money and out of the distribution scheme. When enough money comes in, that can work itself out.

The Trustees had a concern -- and again, perhaps that should have been expressed earlier on to this Court as part of the overall process -- but had a concern that had they gone to the Article 77 court, or had they raise the issue here -- and I will come back to that for a moment -- and forgive me, I was not involved in the earlier part of the process, so if I -- if my understanding of what I have is different than yours, it's certainly not intended to be anything other than my honest view of what's going on here.

The first thing is, the thought was that if the number was higher or if the number was lower, it was going to impact a different pool of investors. And one of the things the Trustees wanted to make sure of is that the various certificate holders knew what was at stake for them prior to the commencement of the proceeding, so that they could make a determination whether this was worth fighting for them.

I would also make the observation that, at least

from my point of view in reading the documents, and indeed, looking at the last sentence of 3.06(b), that the priority here -- particularly from the standpoint of this Court and the administration of the Lehman estate -- was to make sure that there was a settlement of the claim amount between the Lehman estate and the various trusts so that the Lehman estate could go forward and make the distribution it could make to the maximum amount possible to its own creditors.

I think that -- first of all, again, I think this is an issue the institutional investors have known about and have been familiar about. Perhaps it should've been resolved in this Court, but I would suggest to you if that had happened, we would have all still preferred to have done this part of the settlement first, because if we had held up-- if we had held up the settlement -- I'm sorry, the settlement of the gross claim from Lehman to the trusts -- if we had held that in order to resolve the order of operation issue, that would have resulted -- delay distribution to Lehman creditors of the amounts that were now freed up.

THE COURT: Mr. Siegel, with all due respect, that's what you call a strawman argument. It's not about, oh, we didn't deal with this issue because from the Lehman estate's perspective, this needed to be done. This took long enough, every step of the way, every painful step of

the way.

If your argument -- the terms of the settlement agreement cut against your argument. If it were only Lehman on the one hand and distributes, I'll call it, on the other hand, then there would have -- the settlement agreement would have been entirely silent, entirely silent, on this issue.

But there's language in the settlement agreement. There's language in the settlement agreement. The settlement agreement could have said, this settlement agreement shall have no effect whatsoever on how the distributions of the plan payments would be made, and the parties and the Trustees shall commence an Article 77 proceeding within 10 days of the entry of this Court's order approving the settlement. You're all a bunch of really smart lawyers. It didn't say that.

MR. SIEGEL: But, Your --

THE COURT: What the institutional investors are telling me -- and I don't hear you to have contradicted them, because I know you to be very forthright and honest -- is that this was discussed, that there was any crisp sense that notwithstanding the fact that lawyers spent time drafting this language in the settlement agreement, it doesn't really matter because we're just going to go get an Article 77 order. And it could've been in the Trustees'

findings because, as the Trustees have pointed out, it talks about to the extent that there's any open questions, go to a court of competent jurisdiction.

I simply do not understand. If I enter an order, which I think I will, that says that the settlement proceeds shall be distributed in accordance with the settlement agreement, the Trustees better, with specificity, identify why they can't. Not just a vague, general, dear Justice Friedman, please tell us how to do our job --

MR. SIEGEL: Understood, Your Honor.

THE COURT: -- other than --

MR. SIEGEL: (indiscernible)

MR. SIEGEL: -- other than telling me that this is inevitably going to lead me into interpreting the governing agreement, which I have no intention of doing, you have not specifically identified the specific questions under the governing agreement which I would be being asked to decide.

MR. SIEGEL: Your Honor, I understand that we did not provide you with the specific agreements -- I'm sorry -- the specific provisions of the governing agreements in response to these pleadings. What I can -- I can say two things, though.

If you look at Section 3.06 generally, you can see that all of the provisions that are made reference to by the institutional investors are qualified by the terms pursuant

to the terms of the governing agreements. There are repeated references to the governing agreements.

I accept the fact that we haven't given you any of the provisions of the governing agreements, but we have those provisions of the governing agreements. If Your Honor thinks it would be useful, we would provide that to you.

What the Trustees do not feel comfortable doing is making the determination on their own in the face of the language of those agreements that the agreements are silent on the point. That's the term that the institutional investors used. The term we use in the petition is that they are -- let's see, we say that they do not clearly specify. But there are provisions that talk about the treatment of subsequent payments.

If it would be useful to Your Honor, we can show you what those provisions are. We do think that the document, as written, makes it clear that 3.06 is only applicable if it does not contradict with the terms of the governing agreements.

I appreciate the fact that the institutional investors are unhappy that they found so many of the agreements to have these provisions in them, but we are happy to provide those provisions.

I think it Your Honor enters an order that says that we should enforce the agreement and act pursuant to

3.06, that doesn't solve the problem completely because unless Your Honor also finds that the terms of the governing agreements do not require a different outcome, I don't know that we will be able to do so, because all 3.06 --

THE COURT: Okay, so Mr. Siegel -- so Mr. Siegel, I'll make that finding.

MR. HOUPT: Christopher Houpt, of Mayer Brown, for Citibank, and I'd like to respond -- and actually, I think this falls on what we were just talking about -- but respond to, as Your Honor, I think, correctly characterized the investors' argument about the last sentence of 3.06(b). And I will make this point, although as I think you know, my client, Citibank, is not a Trustee, and we were not involved in negotiating the settlement agreement, and we became involved only as we got closer to the payment, because we're the paying agent.

But Mr. Sheeren read that last sentence to you and he pointed out that at the time this agreement was being negotiated, the parties, or at least the institutional investors, were aware that the order of operations issue was being litigated under the Countrywide settlement.

What he forgot to mention is that the Countrywide settlement had exactly the same language in it. It was not verbatim, but I can read it to you. It's pretty close. And in fact, the Countrywide settlement's language is even more

detailed and more robust than what is in the Lehman settlement.

And so, as I, someone who was involved in the Countrywide case and did not become involved in the Lehman matter until recently, looked at that language in 3.06(b), I found it hard to believe that that was intended to resolve the ambiguity with respect to the distribution of the Countrywide settlement, because they simply adopted the same language that had been used in the Countrywide settlement.

MR. SHEEREN: if I may respond to that, Your Honor, David Sheeren, with the institutional investors.

THE COURT: I don't know... Again, this is getting to be a little surreal, because I'm hearing -- everyone I'm hearing from on the Trustees' side wasn't here before. And no one is engaging with me on my fundamental question about why we're here now when, according to the Trustees, you know, boy, we really need this instruction, and oh, we've done this countless times. But nobody bothered. Nobody bothered making that clear at any earlier point. And you know what? It might have made a difference in the institutional investors' willingness to sign on to the settlement.

MR. KRAUT: Your Honor, Michael Kraut, for U.S. Bank.

THE COURT: Well, I find it particularly unhelpful

to keep hearing from people who weren't here during those years that we spent before today.

MR. KRAUT: Your Honor, Michael Kraut, from Morgan Lewis, for U.S. Bank. I was here. Mr. Sheeren was not, but I was, and I can walk you through -- I can answer your questions, Your Honor. I'm prepared to answer. I jotted down five quick points I would like to make to address what you've been asking. I can't be confident that you will be satisfied, but you're entitled to an answer to your question. So, let me try.

THE COURT: Okay.

MR. KRAUT: First of all, Your Honor asked whether this issue or the possibility of this issue was known a year ago. It was. It was known to all parties because of the parallel proceedings, as in the other actions.

As Mr. Siegel mentioned before, to have a proper Article 77 or Trust instructional proceeding of any kind, it requires meaningful notice to the affected holders, and that couldn't be done until a month ago. And we can explain why, if that would be helpful, Your Honor. We've tried, but we can try a little better. But that could not have been done until then.

THE COURT: So, just to be very -- just to be nitpicky about it, why wasn't your action commenced on March 9th?

MR. KRAUT: Once we found out the amount that was available, the Trustees -- we -- I can only speak for U.S. Bank -- we worked with our investor reporting folks who do calculations. We talked to the Securities administrators, some of whom are in this court now, but weren't part of that proceeding before. And we had to try to see which trust would be affected once we knew the amount that was there. That takes a little bit of time to go through hundreds of trusts in a month. You may disagree, Your Honor, but to me, that was actually very quick. And for us to be able to do that, we were able to exclude a number of trusts that are not part of this proceeding now because we determined that it would not have a material effect -- issues would not have a material effect on the payment, the intra-trust payments. And therefore, that's what we used that time to do, and to prepare the pleadings to be ready to go on that. So, that's my first point, Your Honor.

The second is -- and I'll apologize on behalf of the Trustees -- we thought we did address this. We thought by having that provision in the agreement that said, to the extent that the Securities administrators, some of whom are not parties to this proceeding, have questions about this, or as we were watching the way this was playing out and being hard fought in another court, we recognized that there was a possibility that there would not be clarity coming out

of that proceeding that would solve this issue for all trusts. There are hundreds of trusts here with different language. And so, we thought we did raise that by including that provision.

Number three, the reason we didn't speak about it with Your Honor is because it never occurred to us that this was an issue for this Court. In our view, once the money was paid and was in the Trustees' -- had been received by the Trustees, the Trustees what do what they always do, which is to go to a New York court or a trust instructional proceeding court to address these issues.

So, if that was oversight on our part, and it sounds like it was, then I apologize for that. But I hope -- the way I view it is that it reflects our good faith belief that this was never going to be an issue for this Court. But we should not have assumed that, and we could've raised it.

THE COURT: But hold on. The institutional investors are telling me that they've been completely blindsided.

MR. KRAUT: Your Honor, that was going to be my fifth point, but I'll make it my fourth point.

THE COURT: Okay.

MR. KRAUT: That's --

THE COURT: Okay, thanks.

MR. KRAUT: That's completely disingenuous, Your Honor. I sat in rooms with the institutional investors' counsel and with counsel for the plan administrator, and at the time these discussions were ongoing, we included this provision to address this issue because the plan administrator wanted this proceeding to go forward, to get this resolved. The institutional investors were pushing to get this resolved. We, of course, wanted it resolved too, Your Honor. But the decisions were made among the three parties there, and if Mr. Sheeren wasn't involved in those discussions and doesn't know that, then that's fine. I hope that's all this is. Because the pressure on the Trustees to not raise issues like that that could bog us down so that we could get this proceeding back on track and forward after all these years was exactly what we were hearing from the plan administrator and from the institutional investors.

When we raised issues that seemed like they were things that needed to be dealt with at the time, that could create delay, we were told that we were causing this process to slow down. And the way-- the three parties, not the Trustees, Your Honor -- the three sets of parties agreed to work through this issue -- was to deal with the issues that would get the money out of the estate, and then at that point the plan administrator wasn't concerned anymore, the institutional investors knew they had their deal, and this

could go forward.

So, for people to come into Your Honor's court and say that this is all on the Trustees and they're surprised? I know you said earlier that we shouldn't use the word shocked these days, but I'm shocked.

And then the last point, Your Honor, is I know you mentioned earlier today, and you said it last time, that the $2.4 billion was the lowest that the Trustees could get. And I think there are two points that I want to respond to on that, Your Honor.

The first one is that even if the -- as Mr. Siegel said before, if the number was lower or the number was higher, that could have affected which trusts were part of this proceeding. So, it wasn't just knowing that there was a minimum. More trusts or less trusts -- more money or less money could have impacted this.

But I will tell you, Your Honor, the way we negotiated this agreement and the discussions that we had, and the way we still read that agreement, there was no certainty to us that $2.4 billion was the low number. The low -- below $2 billion, we had a right of appeal, and we bargained for that right because we believed that while we thought the claims were worth more, we recognized there was a possibility that the amount could be less. And so, it was not our understanding then. It was not our read of the

agreement then. And we don't think the agreement provides that. So, the notion that before March we knew that we were going to get at least $2.4 billion, that's not what the Trustees understood.

And those are the points --

THE COURT: Yeah, I --

MR. KRAUT: -- I wanted to raise and I'm happy to listen.

THE COURT: I agree. I thoroughly agree with your last point and I appreciate your perspective on what the institutional investors may or may have not known.

MR. SHEEREN: Your Honor, may I respond to that? David Sheeren, for the institutional investors.

THE COURT: Yes.

MR. SHEEREN: Thank you.

THE COURT: Of course.

MR. SHEEREN: Your Honor, I have not had the honor or pleasure of appearing before you. This is the first time. As counsel here knows, I'm a senior associate at Gibbs & Bruns. I have been involved in RMBS matters for six years. I know all of these lawyers very well. Again, I was involved in every draft settlement agreement. The suggestion that I'm a new person here, that I'm a stranger, that I don't know what was going on, Your Honor, is wrong. It's just wrong.

Let me say this. 3.01 speaks for itself. It says the Trustees have a duty to use their reasonable best efforts to promptly distribute the settlement payments, and that if they have a good faith belief that there is a real dispute or ambiguity, they can seek judicial relief.

Your Honor, that's what the settlement agreement sets. There was no reason that the Trustees could not have filed this case in July 2017. The notice issue is a complete red herring. They could have come to Your Honor and said, look, we think there is a potential ambiguity on the order of operations; let's solve that problem so we don't have a situation where at the end of the estimation proceeding we have an allowed claim, but the true economic creditors, the investors, don't receive their money for two years. They should have done that. I think they've admitted that this could have been brought earlier.

Another point on the timing, Your Honor. The suggestion that the Trustees may find more disputes or ambiguities if they received it less money is bizarre. Your Honor, under these waterfalls, the more money to sort of flow through them, the more likely you are to find problems. And in any event, that is a new explanation for the delay that we didn't see in the papers, that they haven't substantiated in any way, and which I frankly find baffling.

I do not understand how the Trustees would have

been unable to seek an earlier declaration from this Court that the order of operations is pay first or write up first.

There's been some discussion, Your Honor about what the state of the world was back in March and April and May and June of 2017. I was there. Here's the state of the world at that time.

The Countrywide case had been filed in February of 2016. BNY Mellon said do you pay first or do your write up first? Three months later, there was unanimous investors' support that the order of operation should be pay first for 512 of the 530 trusts. So, within three months, investors agreed, hey, there is no issue here under the settlement agreement. That settlement agreement said pay first, write up second, and lo and behold, investors could read that provision and the Court entered an order releasing over $8 billion to investors in May 2016 on a pay first basis.

But that didn't end the Countrywide case. There were still a handful of trusts, about a dozen trusts, where there was disputes around another provision in the indentures that had nothing to do with pay first or write up second. It had to do with a defined term. I litigated this. Some counsel in this room litigated this as well. It had to do with a defined term called the principal distribution amounts, and the parties had different views of what that defined term is and what it required by way of the

distributions.

We briefed up that question and had an order from Justice Scarpulla in Supreme Court on that second question of what does the principal distribution amount mean in April of 2017? That's Docket 193 from the Countrywide matter. "Parties do not dispute that the distribution provisions in the settlement agreements" -- this is a reference to the Countrywide settlement agreement -- "direct the Trustee to pay out the allocable share first and then to write up the certificates."

So, Your Honor, that decision was issued in April of 2017, and back in May of 2016 there had been a unanimous consensual distribution on pay first, using, as counsel, Mr. Houpt, pointed out, a settlement agreement that had this same provision at the end of the (indiscernible) write up provision.

So, the notion that, you know, because of some complications in our Countrywide Article 77, we somehow agreed to kick the can is just flatly disproven by the timing of the Countrywide case, and the fact that we had the resolution of the pay first issue before the Trustees even accepted the lien settlement agreement, Your Honor.

But whether or not the settlement agreement at Section 3.06 is dispositive is something Your Honor should determine, because it's wrapped up in the seemingly endless

need for judicial cover that these Trustees have displayed throughout these cases.

Section 3.01 says there's a threshold before even going and seeking judicial instructions. That's part of this Court's jurisdiction. We think the Court should exercise its jurisdiction. The Trustees have sought to exercise a right to seek judicial relief. But with that, Your Honor, comes obligations to show that they're exercising that right in an appropriate way, that they've not been hiding the ball for 10 months.

And with that, I've responded to the points that I just couldn't leave unopened, Your Honor.

MR. HOUPT: Your Honor, if I may respond to that as briefly as I can? This is Chris Houpt again for Citibank.

THE COURT: Yes.

MR. HOUPT: There were some general points there and some specific points. With respect to the supposed endless need for judicial instruction, I think counsel -- I'm sure he doesn't mean to misstate this, but obviously, both the Countrywide case and the J.P. Morgan distribution case, they did not involve unanimous investor consent. They were heavily litigated. In some trusts, only one investor appeared, and those were resolved quickly because that investor just said, here's what I want to do, and the court

did it.

But on many other trusts, there were numerous investors arguing and filing very long, detailed briefs about why -- you know, why each side was right. What the institutional investors argued in that case -- I was looking at their brief again this morning -- they did not cite at all in the Countrywide case the language that they say is dispositive here at the end of 3.06(b). Instead, they argued that the Court needs to interpret the PSAs in light of the prospective supplements. They argued about the purpose of securitization and the purpose of subordination, and that the Court should enter an order that is consistent with the idea that senior investors get paid first, regardless of what the details in the contract say.

They argued about the purpose, not the text, of the settlement agreement. They quoted trial testimony from my partner, who was involved in drafting that, about what he thought the settlement agreement was intended to do, rather than what it said. And then they concluded by arguing that the court should interpret the PSAs to give effect to the reasonable commercial expectations of the investor community, as reflected in the Intex model, which is a computer software that investors use for analyzing RMBS cash flows.

Now, those arguments were ultimately unsuccessful.

No one said that they were made in bad faith and no one ever suggested that the Court should simply order us to follow the contracts for all of us to follow the settlement agreement. No one thought that it was that simple.

Now, with respect to the idea that the order of operations issue was resolved promptly in the Countrywide case, that, I believe, was because the Countrywide settlement said explicitly that after the distribution of the allocable share to investors pursuant to a particular paragraph, the Trustee will allocate the amount of the allocable share for that trust in the reverse order, et cetera.

That settlement agreement at least had some fairly explicit language about the order. One thing happens after the other. That particular language -- sorry for this feedback -- that language is not present in this agreement. Instead, the investors are telling you that this agreement is clear and explicit, and the parties resolved that issue by taking language that was already in the Countrywide settlement agreement, and that the Court in the Countrywide settlement case didn't find relevant to the resolution of the issue under the PSAs.

So, I think at a minimum -- and I understand the Court is frustrated with the timing -- but the idea that there is not a good faith need for resolution, and the idea

that because we're here today in a proceeding that only the institutional investors have been able to initiate and have been able to appear in, that you're only getting one side of the story, I think it is -- there is no reason at all to think that if we have notice that investors are going to unanimously stand up and condemn the Trustees and say, just order the Trustees to do what the contracts say. It's absolutely not that simple, and the history confirms that.

MR. SHEEREN: Your Honor, David Sheeren for the institutional investors. Counsel just read from a brief that we submitted on the dozen or so trusts that I had just described did not involve the pay first issue. We were debating --

THE COURT: Mm hmm.

MR. SHEEREN: -- the meaning of the principal distribution amount. The pay first issue --

THE COURT: Yep.

MR. SHEEREN: -- was resolved in May 2016. In the order that I just read from the Countrywide court that resolved the principal distribution amount dispute, that was issued in --

THE COURT: Yep.

MR. SHEEREN: -- April 2017. Okay, so that's the context of the timing here.

THE COURT: Okay. Let me -- I'm just trying to...

Very narrow question on pay first.

MR. SHEEREN: Yes.

THE COURT: The institutional investors believe that pay first is conclusively resolved by section 3.06 of the settlement agreement, correct?

MR. SHEEREN: Correct, Your Honor.

THE COURT: Okay. And on what basis, or what is exactly the Trustees' argument to the contrary? Section 3.06 clearly -- makes it very clear that certificate write up cannot occur before payment. It's just entirely clear.

MR. SHEEREN: We agree, Your Honor, and at Section 3.06(c) it says if the party distributing the payments determines -- and I'm summarizing it -- determines that doing what 3.06(a) and 3.06(b) say to do, they say if that conflicts with the governing agreements, then follow the governing agreements. But 3.06(a) and (b) provide that clear instruction. And the Trustees have not cited a single provision of the indenturers that they argue conflicts with that construction, that clear order of operations.

THE COURT: So --

MR. SHEEREN: And that's the nature of our --

THE COURT: So --

MR. SHEEREN: -- complaint.

THE COURT: So, Mr. Siegel, I'll go back to you. I clearly can order and direct that the settlement

agreement's terms be enforced, including without limitation that payments shall be made in accordance with Section 3.06(a)(b) and (c), which in sum and substance say pay first, write up second? So, you --

MR. SIEGEL: You --

THE COURT: You can go -- right? I mean, I can say that. That's obvious.

MR. SIEGEL: Your Honor, you can certainly say that we are required to comply with Section 3.06, because we agreed that we -- not only -- it doesn't matter if we agreed, but we also agree with you that you could do that. Our difficulty is not that point. Our difficulty is that strewn throughout 3.06 is language that says that this is the case, provided that the governing agreements do not conflict. So, what we think is --

THE COURT: But it's -- but, sir, you're ignoring the language about that it cannot affect the distribution of plan payments. And if you did write up first, that would affect the distribution of the plan payments.

MR. SIEGEL: But the distribution of the plan payments --

THE COURT: So, what you're going to tell me -- yeah. It's a circularity, you're going to tell me --

MR. SIEGEL: I mean -- there is --

THE COURT: You have to go into --

MR. SIEGEL: Yeah, I mean, there is a problem with that. Whatever this means, it can't mean that we have to make a distribution that doesn't comply with the governing agreements. So, what -- look, what we think at the end of the day is that so long as --

THE COURT: Hold on. Hold on. Hold on. If I were to say -- if I were to make a finding that... I mean, there's just a level of absurdity to this, frankly, that if I were to say the settlement agreement has to be enforced as written, and the settlement agreement requires pay first, period, you're telling me that that's not good enough?

MR. SIEGEL: Your Honor, what I'm... If you were to read Section 3.06 to determine that the language that says pursuant to the terms of the governing agreements does not affect the remainder of the provisions, I suppose we would be required to comply with that

But Your Honor, if you were to consider doing so, we would feel very strongly that to do so, you would need to give other certificate holders the opportunity to present their own points of view on this. That is what we are concerned about. This is ultimately a due process issue for them.

MR. SHEEREN: As to notice, Your Honor, that will be a question you can determine whether that is necessary. This is -- sorry -- David Sheeren for the institutional

investors. Our view would be that the settlement agreement provides clear notice as to the order of operations and that none would be required.

However, the issue here is, is this going to be a case that you decide or a case that Justice Friedman in the State Court decides. And at this moment, Your Honor, we just haven't heard any argument why this Court shouldn't exercise its jurisdiction over issues like whether there should be notice.

MR. ITKIN: Your Honor, this is Uri Itkin, from Kasowitz. We're here on behalf of the noteholder group, and we were observing in the background. But I would like just a minute to speak. While we agree with the --

THE COURT: Wait. Hold on. Hold on, I don't know who -- what do you mean, noteholder group? Who are you?

MR. ITKIN: We have appeared in the context of the RMBS estimation proceeding. We had objected to the 9019 motion.

THE COURT: Okay. Same group.

MR. ITKIN: Yeah, we represent a number of other investors. And while we agree with the institutional investors that this should be decided expeditiously, and investors certainly want to get paid as soon as possible, our understanding was that this hearing and this proceeding is really about the forum, and not to decide the meaning of

the document. And so, we just want to caution the Court about, you know, resolving and interpreting the documents --

THE COURT: Okay. Hold on. Hold on. Hold on. You don't need to caution me about anything.

MR. ITKIN: I apologize, Your Honor. I --

THE COURT: I understand how to do my job. The fact that I am not in the room doesn't mean that any of you get to be patronizing and condescending.

MR. ITKIN: Your Honor, that was not at all my content.

THE COURT: Don't caution me. I'm sure it wasn't your intent. But people need to be thoughtful about the words that come out of their mouths. So, start now. You don't need to caution me. We are talking about whether or not I'm going to decide these issues, or whether Justice Friedman is. I'm fully aware of that.

MR. ITKIN: And --

THE COURT: Do you have anything else to say?

MR. ITKIN: No, that was my only intent, Your Honor. And to the extent that you're going to interpret the settlement agreement here, we just would like an opportunity and maybe some notice -- and it does not have to be long -- to weigh in on those issues as well.

THE COURT: Thank you.

MR. ITKIN: Thank you, Your Honor.

THE COURT: Anyone else?

MR. HOUPT: Well, Your Honor, just very briefly. This is Chris Houpt again. I think it was pointed out to you, but I just want to make sure that it was pointed out in a clear way, that 3.06(b) says what it says. And then 3.06(c) says that if the distributions required by the settlement agreement deviate from the terms of the governing agreements, then we don't follow the settlement agreement, we followed the governing agreements.

And so, I think that's exactly the problem with just ordering us to follow the settlement, even assuming that everyone agreed that the settlement was unambiguous on this point, that the settlement expressly defers to the governing agreements. And it does that because the Trustees and the investors certainly were not permitted, under the terms of those agreements, to amend those agreements.

THE COURT: All right. All right.

MR. SIEGEL: Your Honor, only one additional point. The entirety of the Article 77 proceeding actually deals with a number of other issues in addition to this issue.

THE COURT: Yes.

MR. SIEGEL: It deals with zero -- what is it, zero --

MAN 1: Balance.

MR. SIEGEL: -- zero balance. And there was one other issue -- what?

MAN 1: Over-collateralization --

THE COURT: Yes.

MR. SIEGEL: Over-collateralization issues.

THE COURT: You're right. Yep.

MR. SIEGEL: We -- whether Your Honor decides to hear this or not, we will have to decide what to do with those issues as well.

THE COURT: Yeah, I appreciate that. You're right. We were focusing on the one provision, and it's more complicated than that. Well, obviously I've thought about this, and as you can probably tell, I'm quite unhappy that we have to deal with this issue.

This is not an evidentiary record. I'm not making evidentiary findings, but I find the fact that we're here extremely troubling. I think that it was having -- I think the due process point is a serious point. Due process is a nonnegotiable right and it is of concern to me that appropriate notice be given.

That being said, this has been going on for a very, very long time, and I do think as a practical matter, that folks with the most skin in the game have certainly kept apprised of what's going on.

I find it troubling that this was not brought to

my attention and that there was not a crystal-clear understanding that, you know, as they say in the securities trading business, done is done. Done was not done here. We had a 9019 process, we had a very long trial, a decision, and I frankly find not satisfying the explanation that it was only upon the rendering of decisions that the Trustees, who have been the Trustees under these indentures for years and years and years, only then began to determine whether and to what extent there would be these issues.

I take the point about the possibility that the claim amount could have been lower and there would've been appeal rights, and that's certainly correct. I have no intention of interpreting the government agreement. As to that, I am going to abstain. That's not what I do. It's not what I have expertise in. It would not be appropriate for me to do that.

What I'm going to direct you to do, it's not entirely clean, if you will, but I will enter an order abstaining, provided however -- not provided however, but also directing that the settlement agreement be enforced strictly in accordance with its terms. And that I would suggest greatest respect to Justice Friedman for taking on these Herculean tasks. That when you embark on whatever it is you're going to embark before her, that the questions presented to her be examined through the lens of the

language of the settlement agreement.

And to the extent that there is any question in her mind as to what the settlement agreement means, I would respectfully request that that question be sent back to me. But to the extent that what happens when you go into the settlement agreement and link it up to the governing agreement is that you're driving a road and you're completely clear how to get to the destination.

And then at the very end, if there's a slight ambiguity that requires a detour into the governing agreement, certainly on those questions, I'm not going to offer an opinion. I do not feel that that would be an appropriate exercise of my jurisdiction.

That being said, as I think I've made it pretty clear, and I'm usually -- I hope you all would agree, I'm usually in a better humor most of the time -- the reason for that is I feel that there was a lack of candor here. I'm hesitating to not use the words bad faith, but I think there was a lack of candor here. And I think that it's a shock to lots of folks that we were done, and then we were not done.

And to the extent that the institutional investors believe they have rights that they can assert in this Court in that regard, I'll hear them. I think that, you know, the notion that there are going to be further proceedings and that these certificate holders, who have waiting years and

years and years, frankly, while the Trustees drafted one solution versus another solution to get the comforts that in the exercise of their responsibilities they need, that shouldn't be a cost borne by the certificate holders. And that's what I feel is happening now.

But I am very careful about not getting out ahead of where I believe I should exercise my jurisdiction. And accordingly, I'm going to direct that you work on an order that reflects the ruling that I've just made, including language that says that this is without prejudice to the rights of the institutional investors to seek whatever relief or assert whatever claims they believe they had with respect to what I'll call, you know, the process points leading up to this, and what I'm concerned about in terms of the candor of the Trustees in making clear that this was going to be the path. In other words, that done was not done.

That's all I have. I appreciate you coming down and putting up with this slightly unusual format, in light of the fact that I'm having a hard time walking. And I wish you all a good day.

MR. OSTROW: If you don't mind, we have some questions about what exactly Your Honor has reserved jurisdiction over.

THE COURT: I am -- I don't know that -- it's a

reservation of jurisdiction only to the extent that Justice Friedman identified questions that she believes require interpretation of the settlement agreement. As to purely issues of interpretation of the governing agreement that are not otherwise resolved by the settlement agreement, as to that latter category, I am abstaining.

MR. OSTROW: Your Honor, does that mean that we can only come back to you if Justice Friedman says we can, or is there something that come back to you for, such as to enforce the pay first, to enforce the provision that they'll use reasonable best efforts to distribute the amounts as promptly as possible?

THE COURT: That's just getting to the substantive results that you're seeking. And what I'm saying is that I'm not going to do that. You can urge to Justice Friedman that the settlement agreement says what you would have it say, and my request and expectation is that the settlement agreement will be enforced in accordance with its terms. To the extent that Justice Friedman determines that there's a question in that regard, she can determine to send it back to me. Otherwise, we're just chasing our tails.

MR. OSTROW: Okay. Thank you, Your Honor.

THE COURT: I know it's not -- it may not be the most crystal-clear proposition. It's the best I can do.

MR. OSTROW: Thank you.

THE COURT: You can work on in order and I have a high degree of confidence you won't agree.

MR. OSTROW: Okay.

THE COURT: But at least try to work on an order on a consensual basis.

ALL: Thank you, Your Honor.

THE COURT: All right. Thank you, folks.

(Whereupon these proceedings were concluded at 11:25 AM)

C E R T I F I C A T I O N

I, Sonya Ledanski Hyde, certified that the foregoing transcript is a true and accurate record of the proceedings.

Sonya Ledanski Hyde

Digitally signed by Sonya Ledanski Hyde
DN: cn=Sonya Ledanski Hyde, o, ou, email=digital1@veritext.com, c=US
Date: 2018.04.23 16:22:00 -04'00'

Sonya Ledanski Hyde

Veritext Legal Solutions

330 Old Country Road

Suite 300

Mineola, NY 11501

Date: April 23, 2018